108TH CONGRESS
1ST SESSION

S. 1658

To make residents of Puerto Rico eligible for the earned income tax credit, the refundable portion of the child tax credit, and supplemental security income benefits.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 25, 2003

Mr. DASCHLE (for Mr. GRAHAM of Florida) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To make residents of Puerto Rico eligible for the earned income tax credit, the refundable portion of the child tax credit, and supplemental security income benefits.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Puerto Rico Economic

5 Stimulus Act of 2003".

SEC. 2. PUERTO RICO RESIDENTS ELIGIBLE FOR EARNED INCOME TAX CREDIT.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 (relating to earned income) is amended by inserting at the end the following new subsection:

"(n) RESIDENTS OF PUERTO RICO.—

"(1) IN GENERAL.—In the case of residents of Puerto Rico, this section shall be applied—

"(A) by substituting 'United States or Puerto Rico' for 'United States' in subsections (c)(1)(A)(ii)(I) and (c)(3)(E),

"(B) by substituting 'nonresident alien individual (other than a resident of Puerto Rico)' for 'nonresident alien individual' in subsection (c)(1)(E), and

"(C) by substituting 'gross income (computed without regard to section 933)' for 'gross income' in subsections (a)(2)(B) and (c)(2)(A)(i).

"(2) PHASE-IN OF CREDIT.—

"(A) IN GENERAL.—The credit allowable under this section by reason of this subsection shall not exceed the applicable percentage of the amount of credit which would otherwise be allowable under this section (without regard to this paragraph).

1   ''(B) APPLICABLE PERCENTAGE.—The ap-

2   plicable percentage shall be determined as fol-

3   lows:

"In the case of any taxable year beginning in—	The applicable percentage is—
2004	10
2005	20
2006	30
2007	40
2008	50
2009	60
2010	70
2011	80
2012	90
2013 and thereafter	100.''.

4   (b) EFFECTIVE DATE.—The amendment made by

5 this section shall apply to taxable years beginning after

6 December 31, 2003.

7 **SEC. 3. REFUNDABLE CHILD TAX CREDIT ALLOWABLE TO**

8   **RESIDENTS OF PUERTO RICO WITH LESS**

9   **THAN 3 CHILDREN.**

10   (a) IN GENERAL.—Paragraph (1) of section 24(d) of

11 the Internal Revenue Code of 1986 (relating to portion

12 of credit refundable) is amended by inserting at the end

13 the following new sentence: ''For purposes of this para-

14 graph, taxable income shall be computed without regard

15 to section 933.''.

16   (b) EFFECTIVE DATE.—The amendment made by

17 subsection (a) shall apply to taxable years beginning after

18 December 31, 2003.

19   (c) APPLICABILITY.—

1   (1) IN GENERAL.—Any credit allowable by rea-

2   son of the amendment made by subsection (a) shall

3   not exceed the applicable percentage of the amount

4   of credit which would otherwise be allowable under

5   section 24(d)(1) (without regard to this subsection).

6   (2) APPLICABLE PERCENTAGE.—The applicable

7   percentage shall be determined as follows:

In the case of any taxable year beginning in—	The applicable percentage is—
2004	10
2005	20
2006	30
2007	40
2008	50
2009	60
2010	70
2011	80
2012	90
2013 and thereafter	100.

8 **SEC. 4. SSI TO APPLY TO RESIDENTS OF PUERTO RICO.**

9   (a) IN GENERAL.—Section 1614(e) of the Social Se-

10 curity Act is amended by striking "and the District of Co-

11 lumbia" and inserting ", the District of Columbia, and

12 the Commonwealth of Puerto Rico".

13   (b) APPLICATION.—Section 1611 of the Social Secu-

14 rity Act is amended by adding at the end the following:

15   "Limitation on Benefits for Residents of the

16   Commonwealth of Puerto Rico

17   "(j) Notwithstanding any other provision of this title,

18 in the case of an individual who is a resident of the Com-

19 monwealth of Puerto Rico who is eligible to receive a

5

1 monthly benefit under this title, the monthly benefits pay-
2 able under this title shall not exceed—

3   "(1) for each month occurring in 2004, 10 per-
4   cent of the monthly benefits that would, but for the
5   application of this subsection, be paid to the indi-
6   vidual under this title;

7   "(2) for each month occurring in 2005, 20 per-
8   cent of the monthly benefits that would, but for the
9   application of this subsection, be paid to the indi-
10   vidual under this title;

11   "(3) for each month occurring in 2006, 30 per-
12   cent of the monthly benefits that would, but for the
13   application of this subsection, be paid to the indi-
14   vidual under this title;

15   "(4) for each month occurring in 2007, 40 per-
16   cent of the monthly benefits that would, but for the
17   application of this subsection, be paid to the indi-
18   vidual under this title;

19   "(5) for each month occurring in 2008, 50 per-
20   cent of the monthly benefits that would, but for the
21   application of this subsection, be paid to the indi-
22   vidual under this title;

23   "(6) for each month occurring in 2009, 60 per-
24   cent of the monthly benefits that would, but for the

1 application of this subsection, be paid to the indi-
2 vidual under this title;

3   ''(7) for each month occurring in 2010, 70 per-
4 cent of the monthly benefits that would, but for the
5 application of this subsection, be paid to the indi-
6 vidual under this title;

7   ''(8) for each month occurring in 2011, 80 per-
8 cent of the monthly benefits that would, but for the
9 application of this subsection, be paid to the indi-
10 vidual under this title; and

11   ''(9) for each month occurring in 2012, 90 per-
12 cent of the monthly benefits that would, but for the
13 application of this subsection, be paid to the indi-
14 vidual under this title.''.

15   (c) TERMINATION OF OTHER PROGRAMS FOR RESI-
16 DENTS OF PUERTO RICO.—

17   (1) TITLE I.—Title I of the Social Security Act
18   is amended by inserting at the end the following:
19 ''TERMINATION FOR RESIDENTS OF PUERTO RICO
20   ''SEC. 7. This title shall not apply to residents of the
21 Commonwealth of Puerto Rico after 2012.''.

22   (2) TITLE X.—Title X of the Social Security
23   Act is amended by inserting at the end the following:
24 ''TERMINATION FOR RESIDENTS OF PUERTO RICO
25   ''SEC. 1007. This title shall not apply to residents
26 of the Commonwealth of Puerto Rico after 2012.''.

1   (3) TITLE XIV.—Title XIV of the Social Secu-

2   rity Act is amended by inserting at the end the fol-

3   lowing:

4 "TERMINATION FOR RESIDENTS OF PUERTO RICO

5   "SEC. 1406. This title shall not apply to residents

6 of the Commonwealth of Puerto Rico after 2012.".

7   (4) TITLE XVI.—Title XVI of the Social Secu-

8   rity Act, as applicable with respect to the Common-

9   wealth of Puerto Rico before the date of the enact-

10   ment of this Act, shall not apply after 2012.

11   (d) EFFECTIVE DATE.—The amendments made by

12 subsections (a) and (b) shall apply to benefits payable in

13 months beginning on or after January 1, 2004.

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